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Message Text

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42
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 /089 W
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R 261223Z SEP 75
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6337

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E.O. 11652: NA
TAGS: USEGJC EGEN
SUBJECT: GOE SUBSIDIES FOR CONSUMER GOODS

REF: CAIRO A-199, DECEMBER 16, 1974

1. IN SEPTEMBER 23 SPEECH TO UNION OF STUDENTS, MIN TRADE TAWFIK GAVE FIGURES COVERING COSTS TO GOE OF SUBSIDIZING VARIOUS COMMODITIES. HE PLACED TOTAL FIGURE AT ABOUT LE 650 MILLION.

2. THIS FIGURE, PLUS PARTIAL BREAKDOWN PROVIDED IN SPEECH (BREAD LE341 MILLION, FERTILIZER AND PESTICIDES LE 119 MILLION, CLOTHING LE24 MILLION, SUGAR AND MEAT LE28 MILLION) ARE ESSENTIALLY SAME AS THOSE CONTAINED IN 1975 BUDGET PRESENTATION (REFAIR) MADE BY HEGAZY TO PEOPLES' ASSEMBLY LAST DECEMBER.

3. IN RELATED MOVE, PM SALEM ANNOUNCED CABINET DECISION OF SEPTEMBER 25 TO RATION ADDITIONAL COMMODITIES (UNSPECIFIED) IN ORDER TO INSURE ADEQUATE SUPPLIES FOR POPULACE, AND AT SAME TIME REDUCE IMPACT AND POSSIBILITIES OF BLACK MARKET OPERATION. SALEM STRESSED THAT GOE HAS COMPLETED INITIAL EFFORTS AT REORGANIZING SUPPLY AND DISTRIBUTION, AND IS
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NOW READY TO PUT NEW SYSTEM INTO EFFECT.

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4. COMMENT. TAWFIK'S SPEECH ITSELF, PLUS PRESS TREATMENT OF SUBSIDY DATA THAT WAS SO OFTEN MENTIONED IN SPEECHES EARLIER THIS YEAR, APPEARS TO BE EFFORT TO REMIND EGYPTIANS THAT SADAT REGIME HAS THEIR INTERESTS CONSTANTLY IN VIEW. DATA DOES NOT REFLECT CHANGES IN WORLD PRICES SINCE ORIGINAL BUDGET WAS SUBMITTED, BUT NO ONE IS CERTAIN HOW ORIGINAL CALCULATIONS WERE MADE TO BEGIN WITH.

5. WITH REGARD TO SUPPLY AND DISTRIBUTION, CONSIDERABLE ATTENTION HAS INDEED BEEN PAID TO THESE SUBJECTS. GOE HAS EXPENDED VAST SUM OF MONEY IN PROCURING STOCKS OF BASIC CONSUMER GOODS, IN ORDER TO AVOID SHORTAGES OF TYPE WHICH OCCURRED LAST FALL, AND HAS WORKED HARD TO REVISE SYSTEM OF COOPS AND OTHER OUTLETS TO INSURE THAT GOODS ARE AVAILABLE-- AND AT CORRECT, READ CONTROLLED, PRICES. WHILE USUAL PROBLEMS CAN BE EXPECTED, OVERALL IMPRESSION IS THAT SALEM MEANS BUSINESS AND MAJOR EFFORT WILLL BE MADE TO CORRECT PAST DIFFICULTIES.
EILTS

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